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THE SITUATION IN EGYPT

Engib's removal on 24 February and Nasr's assumption overt authority in Egypt formalizes situation existing several months.

Sevelopment not likely bring immediate significant changes in internal or foreign selicy.

I. Probable effect on foreign relations:

stion.

A. Anglo-Egyptian negotiations: Last six months Wasr involved day to day negotiations with British on Suez

considers has conceded more than the other Egyptian governments.

2 Doubtful additional compromise without new British move.

Such action unlikely due developments in Egypt.

- 4. Stalemate likely to continue.
- 5. Nasr's consolidation power may permit
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- B. Egyptian-Soviet relations: Despite indications willingness deal with USSE Masr suspicious closer relations.

 Standard commercial relations likely continue.
- C. Relations with US: Nasr will continue seek US support in negotiations with UK and press for large-scale US military and economic aid.
- II. Probable effect on internal affairs. Nasr
 expected maintain internal order avoid
 recourse guerrilla warfare against Britis
 in Suez area.
 - A. Without Nagib's personality as front.

 regime now appears stark military

 dictatorship. Early return to

 constitutional rule unlikely.
 - B. Loss of Nagib deprives regime consider able popular support necessitating greater reliance police measures.

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- C. Lacking counterbalance, Masr likely become more arbitrary in internal and external relations.
- D. More friction within ruling army clique may appear.